



AUSTRALIAN  
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DEALER  
ASSOCIATION

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Susie Black  
Director Adjudication  
Australian Competition and Consumer Commission  
GPO Box 3131  
Canberra ACT 2601

2 September 2020

Email: [adjudication@accc.gov.au](mailto:adjudication@accc.gov.au)

Dear Ms Black,

## **NATIONAL HONDA DEALER COUNCIL LIMITED APPLICATION FOR AUTHORISATION**

The Australian Automotive Dealer Association is the peak industry body exclusively representing franchised new car Dealers in Australia. We thank the ACCC for the opportunity to contribute to this process.

There are over 3,000 new vehicle franchises in Australia including some 106 Honda Dealers, many which will be transitioning to Honda Agents as part of the new model being proposed by Honda Australia.

1. The AADA supports the National Honda Dealer Council's application for authorisation. The authorisation is necessary to enable these Dealers to discuss and share information with each other and with Honda Australia as Honda Australia makes a fundamental change to the way in which it distributes vehicles in Australia.
2. We believe that an eleven-year period for the authorisation is appropriate given the current proposal allows for an initial five-year term with the potential for a further five-year term and allowing for any additional time for negotiation before agreements or renewal agreements are concluded.
3. The AADA also supports the request for urgent interim authorisation so that the Honda Dealers can begin this process as soon as is practically possible.

Honda Australia is embarking on a fundamental change to its distribution model by shifting to this new model. It is vitally important that Dealers are able to share information regarding their negotiations and that they are given the opportunity to express any concerns and views through a collective bargaining process.



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## PUBLIC BENEFITS

### **Improved Bargaining Position:**

As the ACCC found in its new car retail market study there is a power imbalance between Dealers and OEMs. Granting this authorisation will significantly improve the bargaining position of Dealers in what is an unprecedented change in business model for a volume car Manufacturer in Australia. It will also facilitate good negotiations between the Dealers and Honda Australia as fears of contravening the CCA will be removed. AADA understands the application for authorisation is supported by Honda Australia.

### **Competition:**

Honda Australia's move to a fixed price model is likely reduce competition for new Honda vehicles between Dealers, but granting the authorisation will put those Dealers in a good position to influence the final details of the model and potentially allow Dealers to extract terms which maintain a degree of inter-brand competition which will have flow on benefits for Australian consumers.

### **Cost savings:**

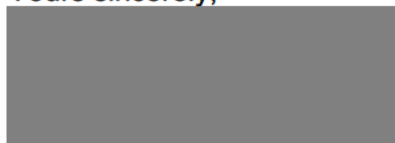
The authorisation will enable Dealers to share the costs of negotiation including lower legal costs. This will assist Dealers during these difficult economic times and once again any savings can flow through to consumers.

## PUBLIC DETRIMENT

The AADA does not believe there is any public detriment resulting from this application. The scope of this authorisation is limited, and the Dealers will not be compelled to engage in the conduct in the event of authorisation. This will have little to no effect on the public and Honda Australia are supportive of the application.

We would be happy to discuss our submission in more detail. If you require further information or clarification in respect of any matters raised, please do not hesitate to contact me.

Yours sincerely,



James Voortman  
Chief Executive Officer